90% of the access lines in the United States will be served by four or more facilities-based carriers post-merger, and over 80% will be served by five or more:

Facilities-based Competition Post-Merger of MCI WorldCom and Sprint

Number of Carriers	Number of LATAs	% Households	% Households Cumulative	% Lines	% Lines Cumulative
10 or more	11	19.9	19.9	21.3	21.3
5-9	85	58.6	78.6	59.8	81.1
4	38	10.5	89.1	9.3	90.4
3	44	9.3	98.4	8.1	98.5
Less than 3	15	1.6	100.0	1.5	100.0

See Kelley/O'Dwyer Decl. ¶ 9. The chart actually understates the competitive availability of additional alternatives in that it does not account for leased facilities,[12] the facilities of independent telephone companies that compete for long distance, nodes under construction but not yet operational, or the facilities of carriers that "pass through" LATAs but have not established a POP and thus could enter with relative ease. Even with these conservative assumptions, only fifteen LATAs (representing 1.6% of all households) are shown to be served by fewer than three carriers. Of those fifteen, three are LATAs served by neither MCI WorldCom nor Sprint today.[13] Thus, the merger will not affect competition in those LATAs. With regard to those twelve LATAs in which the number of facilities-based long distance carriers will go from three to two due to the

---

located in precisely those rural states that SBC projects will have diminished facilities-based options. See Kelley/O'Dwyer Decl. ¶¶ 20, 22.

12 When POPs served by leased facilities are included, Kelley/O'Dwyer "estimate that well over 55.3 percent of the population will be served by 10 or more carriers after the merger. Less than one percent of the population will be served by fewer than three carriers under this assumption." Kelley/O'Dwyer ¶ 11.

13 These LATAs are 921, 980, 981. In addition, there is another LATA which is served by more than 3 carriers but by neither merger party. Kelley/O'Dwyer Decl. ¶ 10.

merger, four LATAs are served by carriers whose POPs are connected through leased facilities; four are LATAs in which a nearby carrier that passes through that particular LATA could relatively easily deploy a POP; four are LATAs served by an independent ILEC able to offer long distance service today;[14] and one is a LATA for which an emerging carrier has announced plans to deploy a POP. Id. ¶¶ 16, 18. Once these competitive alternatives are included, only four LATAs with 0.3% -- three-tenths of one percent -- of the population will be served by fewer than three carriers as a result of the merger. Id. ¶ 18. Finally, as discussed infra Section II.D.2.a., the development of bandwidth exchanges has established an efficient market mechanism to facilitate carriers' abilities to fill out their network coverage. See also id. ¶ 19.

SBC also argues that some of the emerging carriers do not currently serve residential consumers, and thus will not constrain an attempt to raise prices post-merger. See SBC at 16. The operative question, however, is not whether a firm currently serves a group of customers, but rather whether that carrier's capacity serves those customers, that is, whether the firm sells capacity on a wholesale basis to other carriers that provide mass market services. See Besen/Brenner Second Decl. ¶ 19. As the Commission has reported, there are hundreds of resellers offering services today, including the most recent entrants such as AOL's Talk.com and CyberTel with unique marketing skills and assets. Furthermore, this capacity can readily be used by additional entrants (or by the wholesale firms themselves) in response to any hypothetical price increase posited by opponents. "[O]nce a carrier has access to fiber capacity, any remaining barriers to deploying this capacity in the retail long distance market are low." WorldCom/MCI

---

[14] Three of these LATAs are served by GTE. See Kelley/O'Dwyer Decl. ¶ 16 (LATAs 960, 977, 978).

Order ¶ 36. In fact, it is quite typical of long distance carriers' growth that they begin serving customers by reselling others' capacity and evolve to their own independent facilities.[15] The capacity represented by these networks can readily be deployed by numerous firms desiring to serve residential customers, including resellers, CLECs wishing to extend their local offerings to local and long distance (or "all-distance") offerings, and Internet service providers. Because each of these emerging carriers currently sells wholesale capacity that may in turn be used to serve residential customers,[16] and because there exist no barriers to entry, each carrier could immediately respond to an attempt to raise retail (or wholesale) mass market prices.

Commenters also point to the fact that AT&T, MCI WorldCom, and Sprint have continued to rank as the carriers with the largest market shares, and that the emerging carriers' shares are small by comparison. See, e.g., SBC, Carlton/Sider Aff. ¶¶ 11-13 & Table 2; CWA at 6-7; TRAC at 3; Lundgren at 2-3; CSBRT/CSBA/UCAN at 2. Serving millions of mass market customers, the emerging carriers' shares are in fact significant, and growing. Moreover, as Drs. Besen and Brenner point out, the ability of the emerging carriers to constrain a price increase "depends on the collective ability and incentive of those competitors to take sales from the firm

---

15 See, e.g., Excite News, "Cybertel Gives Update on its Push to Become a Tier 1 Telecommunications Provider; Company Fast Approaching National Marketing Campaign to Affinity Group Members" (Mar. 7, 2000) <news.excite.com/news/bw/000307/ca-cybertel>.

16 See, e.g., WorldCom/MCI Order ¶¶ 45, 47-48 (identifying Qwest, IXC, and Williams as current or prospective suppliers of wholesale services); Besen/Brenner First Decl. ¶ 47 (outlining wholesale offerings of Qwest, Broadwing, Williams, Global Crossing, Cable & Wireless, Star Telecommunications, Pacific Gateway Exchange, Viatel, and Primus); Level 3 Company Info, Frequently Asked Questions at 6 <www.level3.com/content/1,1233,us| info| faqs,00.html> ("Use of this [wholesale] distribution channel allows Level 3 to indirectly address the consumer and small business markets.").

that raises price, not on how many sales any individual carrier can make." Besen/Brenner Second Decl. ¶ 24. Collectively, the ability of these emerging carriers is indeed substantial. Their presence is more than sufficient to demonstrate their ability to win additional mass market customers if any other long distance company tried to raise price above the competitive level. In fact, the emerging carriers account for 17.6% of residential toll revenues, approximating MCI WorldCom's 18.4% share and far exceeding Sprint's 5.7% share. See Application at 50. Moreover, the emerging carriers have also demonstrated an ability to increase share rapidly over short periods. See Besen/Brenner Second Decl. ¶¶ 25-26.

2. Opponents overstate the relevance of brand.

Commenters argue that emerging carriers cannot compete against the brand recognition of AT&T, MCI WorldCom, and Sprint.[17] These arguments ignore the overwhelming evidence that consumers respond to price, not brand, and on this basis, switch to dial-around services and to carriers other than AT&T, MCI WorldCom, and Sprint. Consumers are in fact a lot more savvy than SBC and others give them credit for. The analysis provided by Drs. Besen and Brenner, reviewing residential customer calling patterns, plainly demonstrates that brand is simply not impeding the marketing successes of emerging carriers. To the contrary, approximately half of the long distance customer bases of MCI WorldCom and Sprint turns over every 18 months, and a very large percentage of these customers switch to the emerging carriers.

Even for the smaller set of consumers for whom brand may be important (many of whom are AT&T customers and thus unaffected by the merger), the commenters have ignored the

---

[17] See SBC at 12-16; CWA at 10; Rainbow/PUSH at 16; TURN at 2, 13; Lundgren ex parte at 3-4 (Mar. 2, 2000).

emerging carriers' existing brand name recognition, their efforts to increase such recognition, and their successful marketing innovations. This, too, serves only to understate the competitive significance of the emerging carriers.

a. Consumers choose long distance carriers based on price, not brands.

As discussed above, the overriding reason consumers choose a new long distance provider is price, not brand. Today, telephone customers are "courted by dozens of phone companies, each dangling enticements like free calling time, frequent-flier miles and $100 checks that come unsolicited in the mail."[18] Such offers have led to extensive consumer switching among a wide range of long distance providers with varying degrees of brand-name recognition. Consumers generally do not associate brand with superior transmission quality; indeed long distance services are today generally accepted as a commodity where customers seek price and value offerings.

Drs. Besen and Brenner review Paragren Tele-Trend Call Detail data to analyze the choices made by residential customers for long distance services, and their analysis directly refutes SBC's misportrayal of consumers as unthinking captives of the brands of AT&T, MCI WorldCom, and Sprint. Their declaration verifies that a substantial proportion of residential customers in fact change the carrier they use as their main supplier of domestic interLATA service. See Besen/Brenner Second Decl. ¶¶ 35-48. For example, approximately 49% of the households in the Paragren sample that initially used Sprint's dial-one service switched to another carrier within 12 months, while 60% switched within 18 months. Id. ¶ 40. Likewise, 44% of households that initially used MCI WorldCom's dial-one service switched to another carrier within

---

[18] New York Times, Winnie Hu, "Playing the Field for Phone Service; With Many Suitors, Customers Turn Fickle to Get Best Deal" at B1 (Dec. 21, 1999).

12 months, and 49% switched to another carrier within 18 months. Id. Although AT&T's customer base turned over somewhat less rapidly, 37% of its households switched carriers within 12 months, and nearly 49% had left within 18 months. Id.

These customers are not simply switching back and forth among AT&T, MCI WorldCom, and Sprint. A large percentage of consumers have utilized other carriers. Id. ¶ 44. Approximately 49% of the households in the Paragren sample for 12 months and 53% of the households in the sample for 18 months used a long distance calling service that did not carry the AT&T, MCI WorldCom, or Sprint brand for at least some of their calls. Id. ¶ 46. In addition, approximately 40% of the households in the sample for 12 months and 45% of the households in the sample for 18 months used one of these services as their main vendor. Id. ¶ 47.

Moreover, as discussed by Drs. Besen and Brenner, industry reports confirm that residential customers "change carriers most often to reduce what they pay for long distance service." Id. ¶ 42. In fact, in a recent PNR survey, the two reasons most often cited for switching were that the new provider was cheaper (63% of respondents) and that an inducement to switch (e.g., discount or gift) was offered (47%). See id. (citing PNR, "ReQuest Survey" (1999)). A 1999 J.D. Power survey further confirmed that price is the overriding feature for residential customers. See id. (citing J.D. Power & Associates, "1999 Syndicated Residential Wireline Satisfaction Study, 5th Annual Benchmark Wave, Long Distance Telephone Service Management Report" (July 1999)). In that survey, consumers who indicated that they might switch providers within the next twelve months were asked to identify the top three reasons they would switch. See id. The reasons for switching identified by the greatest number of consumers were: lower price (66%), special promotions (48%), and pricing structure/payment plans (47%). See id.

Drs. Besen and Brenner also explicate the problems with SBC's two studies regarding the brand loyalty of AT&T customers. Id. ¶¶ 28-34. The loyalty of AT&T customers is simply not helpful in predicting the effects of a merger between MCI WorldCom and Sprint. Id. ¶ 32. Moreover, the Carlton/Sider study that purports to compare AT&T's "best price" with that of other carriers does not actually do so because it omits promotions or special offers that are central to AT&T's efforts to attract customers. Id. ¶ 33. Finally, the Carlton/Sider study that purports to compare the value of an existing AT&T plan to other AT&T plans is flawed because it is based solely on one month's calling usage and does not account for the fact that calling patterns in any given month (and most especially in the holiday season months used by Carlton/Sider) are likely not representative of a customer's calling pattern over a longer period of time. Id. ¶ 34.

Contradicting the myth of brand generated by SBC, the evidence actually shows that substantial proportions of AT&T, MCI WorldCom, and Sprint customers switch long distance services, impervious to brand. Moreover, as further detailed in Section II.B.3. infra, there is evidence that former Sprint and MCI WorldCom customers disproportionately switch to the emerging carriers' services.

b. Emerging carriers have been successfully marketing to mass market customers.

For the smaller subset of customers who may respond to brand, it is important to note that the commenters are simply wrong in suggesting that the legacy carriers have a brand-name "lock" on consumers. Consumers readily recognize brands other than AT&T, MCI WorldCom, and Sprint as providing long distance services. A recent Yankelovich study (undertaken on a proprietary basis for Sprint) reveals that, when asked to name (unaided) a long distance provider, 34% of households spending more than $20 per month on long distance service name a brand

other than AT&T, MCI WorldCom, and Sprint.[19] In 1996, only 9% of these households named companies other than these three, and, in 1997, only 18% of households named another firm. Id.

The emerging carriers' marketing efforts to promote their own brands are in full evidence. As the Commission recently observed, "[n]umerous carriers, both large and small, promote their services through national television, print, and direct mail advertising campaigns."[20] For example, in February 1999, Qwest launched a nationwide advertising campaign to build awareness of its brand and to strengthen Qwest's position as a "major force" in communications among U.S. consumers and businesses.[21] Broadwing also recently launched its first national advertising campaign integrating direct marketing and advertising, deployed via national TV, print, on-line and outdoor media in January of this year.[22] In addition, companies with strong brand awareness

---

19 Yankelovich Partners Inc., "Sprint Brand Equity Tracking Research - Quarterly Tracking Report - Residential Market - Fourth Quarter, 1999," at 8 (Feb. 17, 2000). Notably, another study shows that AOL has higher brand equity than Sprint and MCI in the long distance business. Mercer Management Consulting, "Brand Equity Study" at 22 (Oct. 25, 1999).

20 Joint FCC/FTC Policy Statement for the Advertising of Dial-Around and Other Long-Distance Services to Consumers, File No. 00-EB-TCD-1(PS), Policy Statement ¶ 2 (rel. March 1, 2000) ("Advertising Policy Statement").

21 "Qwest Launches National Brand Campaign" (Feb. 24, 1999) <www.qwest.com/press/story.asp?id=92>. Moreover, in the fall of 1999, Qwest embarked on a national campaign to publicize completion of its U.S. fiber network. Communications Daily (Sept. 14, 1999). The ad campaign included TV and magazines. The TV ads appeared on major news, sports, and entertainment cable networks, and the print ads appeared in business and information technology publications. "Qwest Communications Completes 18,500 Mile Nationwide Network and Shifts Construction to 25 Local Fiber Network" (Sept. 13, 1999) <www.qwest.com/press/story.asp?id=149>.

22 "Broadwing Launches First National Advertising Campaign" (Jan. 18, 2000) <www.broadwing.com/lib. . . rCareers_Facts.asp?watid=116fbranch=Facts>. In addition to national television, the campaign consists of nationwide business, technology, e-commerce and telecommunications print ads, on-line ads, and airport ads focusing on top markets

from other industries are beginning to leverage their consumer brand recognition into long distance services. For example, within two years of partnering with AOL, Talk.com acquired 1.5 million of AOL's 23.5 million customer base.[23] Of course, it is undisputed that the RBOCs have powerful brands in the mass market segment as well.[24]

In addition, as described in the Application, other marketing channels are widely used by these carriers. Most especially, the Internet has become a powerful new medium for carriers to market their long distance services. AOL's partnership with Talk.com as well as its other reported forays into long distance is just one example.[25] Qwest, through a co-branded marketing arrangement with Netscape, offers its long distance service to consumers.[26] Likewise,

---

like Chicago, Los Angeles, New York, Dallas, Houston, Atlanta, Phoenix, Boston, Austin and Cincinnati. Id.

23 Using its success with AOL as a springboard, Talk.com has since expanded its marketing relationships to other well known brands, including Prodigy and E*Trade. Similarly, Qwest has partnered with American Express which is offering its cardholders long distance service branded as American Express Connections. Besen/Brenner Second Decl. ¶ 26.

24 See SBC Texas 271 Application at 53 & n.26, Application of SWBT to Provide In-Region, InterLATA Services in Texas, CC Dkt. No. 00-4 (filed Jan. 10, 2000) ("SBC Texas 271 Application") ("Southwestern Bell has a strong brand name that immediately will make it a real competitor to the three major incumbents"). While brand is not particularly important to consumers who base their selection of a long distance provider on price, brand can be an important factor for selection of a long distance provider for consumers who identify "telephone service" generically with a particular carrier (i.e., AT&T and the RBOCs and other ILECs). For these consumers, the RBOCs are absolutely correct that brand is an important advantage.

25 Wall Street Journal, Nick Wingfield & Rebecca Blumenstein, "You've Got . . . a Phone Call? AOL Quietly Builds a Telecom Empire" at B1 (Mar. 13, 2000).

26 See Advertising Age, "Bertelsmann Names 2 Agencies for $30 Million Account" (Sept. 21, 1998) (Netscape Communications Corp. inked a three-year deal with Qwest Communications International to offer users communications services through the Netscape Netcenter site).

iPhoneBill.com, operating as the "Internet's phone company," offers long distance service to consumers via the Internet.[27]

Moreover, opponents mischaracterize the advertising expenditures of AT&T, MCI WorldCom, and Sprint, suggesting that these efforts are designed primarily to strengthen brand names.[28] Much of the long distance advertising conducted by these firms is devoted to providing information on their pricing and to encouraging customers of other carriers to switch for a better price. Besen/Brenner Second Decl. ¶ 58. In addition, AT&T, MCI WorldCom, and Sprint devote large portions of their advertising budgets to services other than long distance service, such as wireless services, and even to services that do not carry their corporate brand names. See id. ¶¶ 59-63. For example, MCI WorldCom spent 51% of its total advertising budget in the first eleven months of 1999 for its dial-around services. See id. ¶ 61. This advertising deliberately omits the carrier's brand name. Indeed, the success of the dial-around services undermines the claims that emerging carriers without an already-established brand name would find it difficult to compete. See Application at 49; Besen/Brenner First Decl. ¶¶ 62-64 .

---

27 It currently advertises long distance rates for 48 states as low as 2.9 cents per minute. PR Newswire, "iPhoneBill.com, 'The Internet's Long Distance Company' Launches Its Turnkey Co-Branded Partnership Program" (Jan. 21, 2000). Moreover, Priceline.com, which currently offers airline tickets, hotel rooms, rental cars, home financing, and new cars to consumers at prices they name, soon will be adding long distance to its product line. Consumers will be able to name their price for blocks of 60, 120 or more minutes for interstate or international calls. In addition, consumers will be able to name their price before each call. See Priceline.com Long Distance, "Coming Soon. . . Name Your Price For Long Distance" at 1 (visited Mar. 16, 2000) <travel.priceline.com/infoctr/comingsoon/welcome.asp>.

28 See, e.g., SBC at 13-14; CWA at 24-25; TURN at 2.

3. Emerging carriers are in fact Sprint's and MCI WorldCom's "next closest substitutes."

SBC argues that "MCI WorldCom and Sprint are each other's 'next closest substitute.'" SBC at 8. In support of this, SBC offers an analysis purporting to show that a disproportionate number of MCI WorldCom's customers switch to Sprint, and vice versa. Id. at 8-11; Carlton/Sider Aff. ¶¶ 36-37 & Table 8. Yet, SBC's own economists only halfway support this argument. Contrary to SBC's characterizations, Carlton/Sider's analysis does not find statistically significant evidence that Sprint's former customers switch disproportionately to MCI WorldCom. See Carlton/Sider Aff. ¶ 37 n.23 (noting statistical insignificance of deviation between expected and actual switching for former MCI WorldCom customers that switch to Sprint). Moreover, as detailed by Drs. Besen and Brenner, Carlton/Sider's analysis miscalculates switching behavior in at least three respects key to accurately assessing the effect of the merger: (1) former Sprint customers switching to MCI WorldCom; (2) former Sprint customers switching to the emerging carriers; and (3) former MCI WorldCom customers switching to the emerging carriers.

As demonstrated by Drs. Besen and Brenner, when one examines the carriers that customers are using for long distance calls (Carlton/Sider apparently focus only on PIC selections, but consumers use non-PICed carriers for a substantial percentage of their calls, as illustrated by the success of dial-around services),[29] the data indicate that customers do not switch disproportionately between Sprint and MCI WorldCom. Rather, customers switch disproportionately to the emerging carriers.

---

[29] Even using the same commercial database, Drs. Besen and Brenner were unable to replicate the results reported by Carlton/Sider. See Besen/Brenner Second Decl. ¶ 54 n.47.

	New Main Vendor			
Former Main Vendor	AT&T Dial-1 Service	MCI WorldCom Dial-1 Service	Sprint Dial-1 Service	Emerging Carriers
MCI WorldCom Dial-1 Service	0.79	--	0.90	1.44
Sprint Dial-1 Service	0.71	1.00	--	1.45

Besen/Brenner Second Decl. ¶ 52 (Table 5) (1.00 represents the point at which former customers of one carrier switch to a new carrier exactly in proportion to the new carrier's market share). Clearly, "[h]ouseholds shifted from MCI WorldCom dial-1 service to Sprint dial-1 service in numbers somewhat below what would be predicted by their shares, and from Sprint to MCI WorldCom just as frequently as would be predicted by their shares. On the other hand, households shifted to emerging carriers in substantially larger numbers than would be predicted by shares." Id. ¶ 53 (emphasis added). Moreover, as Drs. Besen and Brenner find:

> [M]ore than four times as many households shifted their choice of main vendor from MCI WorldCom to an emerging carrier as shifted their choice from MCI WorldCom to Sprint and about 40 percent more households shifted their choice of main vendor from Sprint to an emerging carrier as shifted from Sprint to MCI WorldCom dial-1 service.

Id.

In contrast to Carlton/Sider's erroneous conclusion that both former MCI WorldCom and Sprint customers switched to the emerging carriers exactly in proportion to their market share, Carlton/Sider Aff., Table 8, then, the proportion of customers that switch to these carriers substantially exceeds current market shares. In fact, as the chart above illustrates, the proportion of former Sprint customers that switch to the emerging carriers is 45% greater than it would be if departing customers went to other carriers in proportion to their relative market shares, and the

proportion of former MCI WorldCom customers that switch to the emerging carriers is 44% greater than what would otherwise be expected based on market shares. Besen/Brenner Second Decl. ¶ 52 (Table 5). Borrowing Carlton/Sider's theoretical predicate, which equates shifting patterns with substitutability, the fact that former Sprint and MCI WorldCom customers switch disproportionately to emerging carriers, but equally (from Sprint to MCI WorldCom) or less than (from MCI WorldCom to Sprint) what would otherwise be predicted for each other, indicates that the emerging carriers -- and not each other -- are Sprint's and MCI WorldCom's "next closest substitutes." Id. ¶ 55.

Compounding its erroneous conclusion that MCI WorldCom and Sprint are each other's next closest substitute, SBC uses it to claim that the merger will result in a 5.4% and 8.9% post-merger price increase for MCI WorldCom and Sprint, respectively. SBC at 11 (citing Hausman Aff. ¶¶ 22-24). As Drs. Besen and Brenner explain, SBC's economist provided so few details about his statistical analysis that it is difficult to fully evaluate and critique the specifics of that analysis. Besen/Brenner Second Decl. ¶ 66. A review of the available information nonetheless reveals fundamental problems in at least four areas:

- Modeling problems -- Professor Hausman's model assumes that consumers will react to new prices set by a carrier instantaneously, rather than over a number of months, as is more likely for consumers choosing long distance providers. Id. ¶¶ 69-71. Statistical estimates of demand conditions based on this model would tend to understate the true cumulative response of consumers to a change in price. Id. ¶ 71.

- Data problems -- Professor Hausman's demand estimates are highly questionable because it does not appear that he has constructed accurate measures of prices, crucial inputs to those estimates. Id. ¶¶ 73-80. For example, the pricing information he uses does not appear to take into consideration monthly recurring charges or promotional discounts. Id. ¶¶ 73, 76-77 & n.62. Also, Professor Hausman's analysis appears to rely on average prices paid by all customers of a carrier, rather than the current prices on which the customers that switch are actually basing their switching decisions. Id. ¶¶ 74-75. Finally, it is not at all clear from which time period Professor Hausman has drawn the data he is analyzing; consequently, it is impossible to determine whether his

estimates, even if otherwise reliable, reflect relatively recent demand conditions or old, outdated demand conditions. Id. ¶¶ 78-80. Together, these inaccuracies discredit Professor Hausman's estimates, and in several cases, likely result in a systematic understating in the estimated responsiveness of the true price to demand.

- Statistical problems -- Because Professor Hausman fails to provide a full set of his estimation results or information on standard errors or confidence intervals for results that are reported, it is impossible to determine whether his results are economically and statistically significant. Id. ¶ 81.

- Interpretational problems -- The myriad of potential deficiencies identified in Professor Hausman's pricing function, coupled with the striking (and simply not credible) incongruity between the marginal cost implied by his estimates and industry experience, seriously calls into question the efficacy of his estimates of carrier-specific pricing effects. Id. ¶¶ 82-86.

Collectively, these problems, which are described in more detail in the attached Besen/Brenner Second Declaration, render Professor Hausman's results completely unreliable. See id. ¶¶ 65-86.

4. Price cuts and new price structures have been introduced by a wide number of carriers competing in the mass market.

SBC next offers what it claims is evidence that MCI WorldCom and Sprint alone have driven pricing and service innovations in the long distance market. SBC's pricing and service innovation evidence consists of a chart and several paragraphs of product descriptions listing selected AT&T, MCI WorldCom, and Sprint products since 1991. See SBC at 9; Carlton/Sider Aff. ¶¶ 40-45. By limiting its focus to these three carriers, SBC simply ignores price and product innovations introduced by other carriers and firms. See id.[30] In fact, as the following chart reveals, emerging carriers have repeatedly fueled pricing, product, and marketing innovation:[31]

---

[30] The Carlton/Sider Affidavit actually states only that MCI WorldCom and Sprint have introduced price reductions "more than AT&T." Carlton/Sider Aff. ¶ 39.

[31] The chart does not repeat the offers of AT&T, MCI WorldCom or Sprint listed in SBC's Table 1.

Affinity and Volume Discounts	**Excel: "Excel Plus II" - 1996** Based on AT&T MTS rates. Receive 50% discount on calls to other Excel customers. Receive 30% discount to non-Excel customers. $1 MRC[2] **GTE: "Easy Savings Plan" – August 14, 1996** $3.00 MRC Rates are 14¢ off-peak and 27¢ peak. Monthly Usage %Discount $10-25 10% $25+ 25%[9, 19] **GTE: "Nationwide Saver" - October 20, 1999** (formerly marketed as Smart Saver) Per minute rate varies depending on monthly spending and length of calls (5-10¢), $4.95 MRC [20, 21] **GTE: "AnyTime Saver" - October 20, 1999** (formerly marketed as Total Call) $3.00 minimum usage Per minute rate varies depending on monthly spending (12-14¢), no MRC [20, 21] **SNET: "All Distance Plan"** Per minute rate varies (10-15¢), depending on monthly spending. No MRC.
Off-Peak Discounts	**Excel: "Simply One" - 1996** 9¢ Off-Peak, M-F 7 pm – 7 am, All day Saturday and Sunday 25¢ Peak, M-F 7 am – 7 pm $1.00 MRC [2] **Excel: "Premier Plus II" - 1996** Receive lower rates to other Excel customers. $3.00 MRC Excel Non-Excel Time 12¢ or 17¢ 8 am – 5 pm 10¢ or 13¢ 5 pm – 11 pm 9¢ or 11¢ 12 pm – 8 am [2] **LCI: "All America Plan" - 1994** Rate Time 17¢ M-F, 8 am - 5 pm 14¢ M-F, 5 pm - 11 pm 12¢ M-F, 11 pm - 8 am, All day Saturday and Sunday,[3] no MRC **Excel: "3-Penny Plan" - October 15, 1999** 10¢ per minute peak, 3¢ per minute off-peak, $5.95 MRC, maximum 2,000 off-peak minutes per month [16] **Frontier: Home Connections** 25¢ per minute peak, 10¢ per minute off-peak, no MRC
Flat Rate	**Talk.com: 5¢ Anytime** 5¢ per minute, 24x7, $5.95 MRC [11] **Talk.com: 5-9¢** 5¢ per minute, 24x7, for 30 days rate then goes to 9¢ per minute, 24x7. No MRC[11]

	Qwest: 5¢ Calling Plan 5¢ per minute, 24x7, $8.95 MRC **Qwest: "Q.Talk" - December 1997** 7.5¢ per minute 24x7,[6, 7] no MRC **Qwest: "Q.Home" - December 1997** 9¢ per minute 24x7, $4.95 MRC 1-second billing after first minute. [7] **GTC Telecom – August 25, 1999** 5¢ per minute, 24x7, $1.95 MRC waived if agree to credit card billing **Excel: "Simply Seven" – October 28, 1998** 7¢ per minute, 24x7, $4.95 MRC [17] **Erbia** 6.9¢ per minute, 24x7, no MRC [24] **Frontier: Select** 10¢ per minute, 24x7, $4.95 MRC **GTE: "One Easy Rate" – January 15, 1997** 14¢ per minute, 24x7,[18] no MRC
Online	**Frontier: "WebSaver" – October 25, 1999** Must use online invoicing and credit card billing, two flat rate pricing plans with no MRCs (7-8¢) [22] **iPhoneBill.com - 1999** Buys time from IXCs on a wholesale basis. Advertises rates as low as 2.9¢. [12] Due to minimum credit card charge requirement, minimum $5.00 charge per month; unused minutes credited to next month. [25]
Free Long Distance	**BroadPoint: "FreeWay" - 1999** Customers earn 2 minutes of free long distance for each 10-15 second ad they listen to. Maximum of two hours each month. [10]
Free Internet with Long Distance	**GTC Telecom: FreeNet Plan - 1999** 7.9¢ per minute, 24x7, free unlimited Internet access, $4.95 MRC [13 & 23]
Loyalty	**Qwest: Countdown Plan** Weekday per minute rates drop ½ cent every 90 days (9-5¢), weekend rate is 5¢ per minute, $4.95 MRC
Bundled Service Package	**RCN: "ResiLink" - January 2000** Offering four packages to bundle cable, local phone service and high-speed cable modem Internet [14]
Introductory Offer	**Net2Phone: 1¢ Offer - 1999** 1¢ per minute 24x7 within the U.S., 100 free minutes, $3.00 worth of talk time.
Partnerships	**LCI: "Juno Membership Special" - September 1998** Portion of each bill goes to defray the cost of continuing free e-mail service. 9¢ per minute 24x7 330 minutes at 1¢ per minute 1¢ per minute all day on eight major holidays 1-second billing after first minute. $3 MRC[4]

	Qwest: "Juno Membership Special" - March 1999 Portion of each bill goes to defray the cost of continuing free e-mail service. 5¢ per minute 24x7 210 minutes at 1¢ per minute for new Qwest customers. 1¢ per minute all day on eight major holidays 1-second billing after first minute. $14.95 MRC [5]
SOURCES	[1] Lead Product Matrix, January 8, 1997, Page 3 [2] Excel recruitment package [3] Network World, David Rohde, "Vocal Users Get the Best Deals" at 2 (June 27, 1994) [4] e-mail from President of Juno Online Services dated September 4, 1998 [5] e-mail from Customer Service Department of Juno Online Services dated March 31, 1999 [6] Qwest press release, Sacramento Bee 12/16/97 [7] San Francisco Chronicle, Jamie Beckett, "Finding the Long Distance Plan that Works for You" at G4 (Oct. 27, 1998) [8] Qwest fulfillment package [9] GTE Easy Savings product brochure [10] www.broadpoint.com on 2/25/00 [11] www.talk.com on 2/25/00 [12] www.iphonebill.com on 2/25/00 [13] www.gtctelecom.com on 2/25/00 [14] RCN press release dated 1/10/00 [15] www.net2phone.com on 2/25/00 [16] Excel press release 9/7/99 on www.excel.com [17] Excel press release 10/28/99 on www.excel.com [18] GTE press release 1/15/97 on www.gte.com [19] GTE press release 8/14/96 on www.gte.com [20] GTE press release 10/20/99 on www.gte.com [21] www2.gte.com/LD/rld/anytime.cfm dated 2/28/00 [22] Frontier press release 10/25/99 on www.frontiercorp.com [23] GTC Telecom press release 4/21/99 on www.gtctelecom.com [24] 10 Ways Report at 14 [25] www.iphonebill.com on 3/15/00

By completely ignoring the role of the emerging carriers, SBC has presented a grossly skewed snapshot of competition in the long distance market.

C. The Competitiveness Of The Mass Market Long Distance Market Is Proven By Its Performance.

The best evidence of the competitiveness of long distance market sales to mass market customers lies in what is demonstrably happening in the market: significant new entry and expansion by emerging carriers coupled with falling prices. See Application at 30. This competitive performance, exhibited in the chart above, has been reaffirmed even within the past few months. Earlier this month the Commission recognized the explosion in long distance competition: "[l]ong-distance customers have reaped substantial benefits in the form of greater

choice in deciding which carrier to use and a greater diversity in the prices charged for those calls." Advertising Policy Statement ¶ 1. The Commission's Millennium Report issued only last month further confirms the dramatic decreases in prices for long distance:

> Long distance prices (international and domestic), as approximated by average revenue per minute, have fallen by 34 percent since 1993. For residential consumers, domestic long distance prices relative to other goods and services have fallen by 10 percent since 1993. New calling plans now offer consumers long distance rates of only 5 cents per minute. International long distance prices have fallen by more than half since 1993.

Millennium Report at 3-4 (citations to tables omitted).[32] At the same time, "since 1993, long distance traffic has increased 42 percent." Id. at 4.

Moreover, residential consumers have an increasing number of tools available to them to permit informed and efficient purchasing decisions among the wide variety of plans offered by numerous long distance providers. Information on how to buy long distance services efficiently is broadly available. February's issue of Consumer Reports detailed several emerging carriers' competitive offerings, including ATNUltra, Erbia, Frontier, and GTC Telecom. Consumer Reports, 10 Ways to Cut Your Phone Bill at 14 (Feb. 2000) ("10 Ways Report").[33] Dial-around carriers are also profiled, including: 10-10-297 (Excel), 10-10-432 (Qwest), 10-10-834 and 101-5992 (WorldxChange), and 101-6868 (PT-1). Id. Numerous other publications also afford consumers comparison shopping for long distance services. See, e.g., TeleTips (published by TRAC); Consumers' Checkbook (published by The Center for the Study of Services).

---

[32] In contrast, "[t]he only areas where prices have not fallen significantly since the 1996 Act is in local telephone and cable television services. Local rates have declined only 2 percent relative to all other goods since the Act." Millennium Report at 4.

[33] In addition, directory assistance services, previously available only through a carrier, are migrating to the web. At least six web-based services provide listings for free. See 10 Ways Report at 15.

In addition, a multitude of web sites, such as Simplexity,[34] Decide.com,[35] Essential.com,[36] A Bell Tolls, Cognigen, Decide, SaveOnPhone, and TRAC,[37] are available to help consumers select a plan based upon their individual needs. For example, Simplexity allows residential customers to pick the best provider based on one's self-identified needs and monthly usage. In addition, the site allows business "customers to submit requests for proposals [for telecommunications services] and quickly receive customized bids from multiple carriers, anonymously. Customers are able to compare these bids in an unbiased, 'apples-to-apples' format, and then purchase telecom services right on the site."[38] In addition, as noted earlier, Priceline.com soon will add long distance to the list of services for which consumers can bid. See Long Distance Competition Report, "Long Distance Services Will Be Auctioned on Internet" (Nov. 15, 1999).

---

34 Yahoo! Finance/PR Newswire, "Best Buy, Bestbuy.com, CNET, Inktomi, Yahoo! and the National Federation of Independent Business All Choose Simplexity's Unique Architecture to Deliver Telecom Online; Powerful Strategic Relationships to Change the Way Telecommunications Are Bought and Sold" at 1 (Jan. 18, 2000) <biz.yahoo.com/prnews /000118/va_simplex_3.html> ("Simplexity News").

35 Telephony, Chrissy Moch, "Making an Informed Choice" at 90 (Oct. 18, 1999).

36 Essential.com, "Long Distance" at 1 (visited Mar. 15, 2000) <www.essential.com/ service.asp?sa_id=2>.

37 See 10 Ways Report at 15 (listing web addresses, including <www.abelltolls.com> <www.cognigen.com> <www.decide.com> <www.saveonphone.com> <www.trac. org> for these sites).

38 Simplexity News at 1.

Government efforts to assist consumers in selecting long distance carriers are also in evidence. The FCC's "Market¢Sense" web page, which offers a "top ten" list of "telecom tips," states that:

> There is a great long distance deal for EVERYONE! The long distance marketplace can be overwhelming. This web site is designed to help you find a great deal. Whether you make only one or two long distance calls a month, or hundreds of calls, a little shopping around can bring the lowest long distance prices in history to YOU.[39]

* * *

In sum, the mass market long distance market is performing competitively, due to a wide variety of participants with ever-increasing capabilities and incentives to offer consumers what they want. The merger cannot threaten this progress.

D. The Merger Will Not Threaten Vigorous Competition In The Larger Business Market

1. The WorldCom/MCI Order and the record supports review of an aggregate larger business market.

In the Application, the parties analyzed the larger business market segment, consistent with the Commission's market definitions in the WorldCom/MCI Order.[40] This Commission has

---

39 Market¢Sense, "Helping Consumers Make Sense of the Market; Helping Consumers Make Real Cents in Savings" <www.fcc.gov/marketsense/>.

40 WorldCom/MCI Order ¶ 24 (describing the relevant product markets as the mass market and larger business market); see also Merger of MCI Communications and British Telecommunications, 12 FCC Rcd 1531, ¶ 50 (1997) (same); Applications for Consent to the Transfer of Control of Licenses from Southern New England Telecommunications Corp. To SBC Communications, Inc., 13 FCC Rcd 21292, ¶ 16 (1998) ("SBC/SNET Order") (same); Application of Teleport Communications Group, Inc. and AT&T Corp. For Consent to Transfer of Control, 13 FCC Rcd 15236, ¶ 20 (1998) (identifying larger business as one of the relevant product markets for domestic long distance services and noting that the record did not support analyzing more discrete products within that market segment); see also Applications of NYNEX Corp., Transferor, and Bell Atlantic Corp., Transferee, For Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries, 12

repeatedly held that it is proper to view the larger business market in the aggregate absent "credible evidence suggesting that there is or could be a lack of competitive performance with respect to a particular service or group of services."[41] This analysis is consistent with the Justice Department's Merger Guidelines, which state that the agency may simply use "an aggregate description" of a market rather than analyzing individual product subsegments where the capabilities to produce the same or similar products exist and product substitution would become nearly universal among the firms that sell those products. Merger Guidelines § 1.321.

Nonetheless, SBC argues that the Commission should split the larger business market into a voice market and a "non-Internet, packet-switched data services" market, the latter to include frame relay, Asynchronous Transfer Mode ("ATM"), X.25, and SMDS. See SBC at 29-30. In support of this argument, SBC claims that (1) the emerging carriers' IP-based services "cannot compete with [frame relay, ATM, X.25, and SMDS] services today because of inferior quality," and (2) "[i]n any event, IP technologies will not displace frame relay and ATM even when they do make up the gap in quality." Id. at 30 & n.56 (citations omitted).[42] Likewise, CWA analyzes a

---

FCC Rcd 19985, ¶ 53 (1997) ("Bell Atlantic/NYNEX Order") (concluding that it is proper to identify and aggregate customers that have similar demand patterns, such as mass market and larger business users).

41 Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area, and Policy and Rules Concerning the Interstate, Interexchange Marketplace, 12 FCC Rcd 15756, ¶ 40 (1997). While the Commission has recognized that it "may be possible" to examine additional product, or subsegments, of the relevant product market, it has repeatedly declined to do so because of "insufficient information on cross-elasticities of demand." WorldCom/MCI Order ¶ 27.

42 SBC also claims that the Commission "endorsed" a separate market for "non-Internet, packet-switched data services" in the SBC/Ameritech Order. SBC at 30 & n.53 (citations omitted). This claim completely misconstrues the Commission's analysis in that order. In weighing SBC's and Ameritech's incentives to gain Section 271 approval, the Commission noted that "[n]ot only are [the BOCs] at a competitive disadvantage in the long distance

"larger business ATM and frame relay market." CWA at 11, 13. Similar attempts to fragment the larger business market into product subsegments were made -- and rejected -- during the WorldCom/MCI merger proceeding. See WorldCom/MCI Order ¶¶ 26-27. For the reasons discussed below, the Commission should do the same here.

SBC's assessment of the current status of and future prospects for IP networks is flawed for three reasons. First, and most importantly, Professor Gilbert defines a market for "public switched data services" that includes ATM, frame relay, and other services offered by the legacy long distance carriers, but excludes newer services such as IP virtual private networks ("IVPNs") that are typically among the services offered by the emerging carriers.[43] See Besen/Brenner Second Decl. ¶ 93. Because these newer services are becoming an increasingly important alternative to traditional public switched data services, Professor Gilbert's decision to exclude IP-based services nullifies the competitive effects of the emerging carriers. See generally id. ¶¶ 92-96.

---

voice market, they are at [a] serious disadvantage to large and small competitive LECs alike in the data market where over 85% of larger and medium business customer expenditures are for long-haul services." SBC/Ameritech Order ¶ 298. In concluding that the merger would not enhance the BOCs' existing incentives, the Commission's analysis focused on interLATA versus intraLATA services, not on whether it was appropriate to treat the interLATA voice and data markets separately. See id. SBC also cites to the Justice Department's analysis of the Sprint/FT/DT joint venture, where Justice noted that it was possible that certain broad markets for international telecommunications services might encompass multiple distinct product markets. SBC at 30 n.53 (citation omitted). As noted earlier, where, as here, the capabilities to produce similar products exist and nearly universal product substitution would occur, the Merger Guidelines permit aggregate analysis. Merger Guidelines § 1.321.

43 See also Frost & Sullivan, "Introduction to the U.S. ATM, Frame Relay, SMDS, and X.25 Public Data Services Market" at 8-8 (1999) (Report # 2687-63) ("F&S Data Services Report") ("The fast growth of the IP-based VPN services creates a threat to the widespread deployment of ATM services in the short run.").

Second, with regard to the quality of these newer services, SBC is confusing the public Internet with private internets. See id. ¶ 93. Emerging IP carriers offer their business customers what should be properly viewed as private internets. See id. In such an internet, a carrier typically links its customer's locations over that customer's own network, the capacity of which is managed by the carrier to meet the customer's peak demand.[44]

Third, SBC's allegation that "IP technologies will not displace frame relay and ATM" confuses the vital distinction between the services, and associated protocols, a carrier offers its customers and the protocols utilized in the core network on which the carrier builds its services.[45] The emerging carriers' networks utilize a common underlying protocol, which can in turn support multiple voice and data packet-switched services. By using service processors that convert voice and data from the service-specific protocols used by the customers to the common underlying protocol used by the carrier, emerging carriers are able to offer multiple services, including voice, Internet access and transmission, frame relay, or ATM, without regard to the underlying protocol.[46] Thus, SBC's cite (at 30-31 & n.56) to the rapid growth of frame relay and ATM

---

[44] Pundits who refer to the potential lack of quality in IP networks are normally referring to the quality of voice communications. The next generation Internet protocols are in any event expected to resolve this problem

[45] Moreover, contrary to SBC's claims regarding the quality of newer, IP-based services (as compared to protocols), as discussed above, newly deployed IVPNs are increasingly exerting pressure on the growth of ATM services.

[46] The underlying protocol could be any packet switching protocol that adequately supports the set of services being offered. At present, the choice appears to be boiling down to IP versus ATM. Both have their advocates and both are currently being deployed as core protocols in carriers' networks. Both support a range of services of interest to customers, and neither requires customers to abandon the services they have found best meets their needs.

services is irrelevant, given the ability of the emerging carriers to offer many services over a single underlying network.[47]

The Commission has previously concluded that an analysis of product subsegments is not required where product substitution among the services is "nearly universal" and "owners of transmission capacity provide all the same services."[48] As the chart below illustrates, numerous facilities-based competitors offer a wide range of advanced telecommunications services that are typically sought by larger business customers:[49]

---

47 SBC also claims that the RBOCs are the "next closest competitors" for these data services, but that they are "legally prohibited from truly competing" in this market because of their inability to offer fully national coverage. SBC at 32, 36. As discussed infra Section II.E., the timing of SBC's entry into long distance is completely within its control. Moreover, no one can credibly dispute the power of the RBOCs once they are in the market since RBOCs today account for a substantial portion of intraLATA data services. For example, they have 72.5% of the intraLATA frame relay market, in comparison to MCI WorldCom's 7% share and AT&T's 5.5% share. F&S Data Services Report at 6-35. Sprint is not even listed separately in this market, but rather is lumped in with "other" carriers that collectively have 5.7% of the market. Id.

48 WorldCom/MCI Order ¶ 27 (citing Merger Guidelines § 1.32 n.14). The only possible exceptions that the Commission recognized were advanced features such as VPN, frame relay and "various" enhanced 800 services. Id. ¶ 73. Nonetheless, the Commission declined to analyze these subsegments because commenters had failed to demonstrate that other carriers could not provide these services (or some functional equivalent) or develop the capability to provide them. Id. ¶¶ 73-74. No commenter has challenged the emerging carriers' abilities to offer these advanced features, and, as demonstrated below, they are currently doing just that in the marketplace.

49 As a result, the Commission concluded during the SBC/Ameritech merger that "the benefits of an additional entrant targeting the large/medium business customer base in the top 50 markets are modest." See SBC/Ameritech Order ¶ 310.

	AT&T[1]	MCI W	Sprint	Qwest[2]	Global Crossing[3]	Broadwing[4]	C&W[5]	Williams[6]	GTE[7]	BANY[8]	Level 3[9]
Voice	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ATM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Frame Relay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
IP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
VPN	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Private Line	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
800 Advanced Routing	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Sources:

1 <www.att.com/technology/ip/>; <www.att.com/business/voice.html>; <www.att.com/tollfree/advance/index.html>; <www.att.com/globalnetwork/vpn_bis.html>; <www.att.com/data/framerelay.html>; <www.att.com/data/atm/atm.html>; <www.att.com/data/privateline/index.html>.

2 <www.qwest.com.business/business.html>; <www.qwest.com/business/ATM.html>; <www.qwest.com/business/framerelay.html>; <www.qwest.com/privateline.html>; <www.qwest.com/business/webhost.html>; <www.qwest.com/business/tollfree.htlm>.

3 <www.globalcrossing.com/pressreleases/pr%5F011600.htm>; <www.globalcrossing.com/services/ps_dataatm.htm>; <www.globalcrossing.com/pressreleases/pr%5F021600b.htm>; <www.globalcrossing.com/pressreleases/pr%5F110299.htm>; <www.globalcrossing.com/services/ps%5Fdataframerelay.htm>; <www.globalcrossing.com/pressreleases/frontier/prfr%5F051199a.htm>; <www.globalcrossing.com/services/ps_tfindex.htm>.

4 <www.broadwing.com/lib...brProducts.asp?watid=170&branch=Products>; <www.broadwing.com/lib...s/brProducts.asp?watid=75 &branch=Products>; <www.broadwing.com/lib.../brProducts.asp?watid=139&branch=products>; <www.broadwing.com/lib.../brProducts.asp? watid=138&branch=Products>.

5 <www.cwusa.com/voice.htm>; <www.cwusa.com/isp_network.htm>; <www.cwusa.com/data_atm.htm>; <www.cwusa.com/data_ frame.htm>; <www.cwusa.com/data_private.htm>; <www.cwusa.com/voice_toll.htm>; <www.cwusa.com/internet_ipvpn.htm>.

6 <www.willtales.com/network/non_flash/products/voice.html>; <www.willtales.com/network/non_flash/products/atmindex.html>; <www.willtales.com/network/non_flash/products/frameindex.html>; <www.willtales.com/network/non_flash/products/transitservices.html>; <www.willtales.com/network/non_flash/products/privatelineindex.html>.

7 <www.gte.com/AboutGTE/NewsCenter/News/Releases/CallingSrvcPkg.html>; <www.gte.com/AboutGTE/NewsCenter/News /Releases/Peering.html>; <www.gte.com/AboutGTE/NewsCenter/News/Releases/Paradyne.html>; <www.bbn.com/announcements/news/ press_release_19990901-01.xml>; <www.gte.com/aboutgte/newscenter/news/releases/vpn2.html>; <www.gte.com/products/prods/bldinfo11. html>; <www.gte.com/products/prods/bldinfo10.htm>.

8 <www.ba.com/kit/lds/network.html>; <www.b.com/proactive/newsroom/release.vtml?id=21043>; <www.ba-dsg.com/html/vpn.htm>; <www.ba-dsg.com/html/private_line.htm>; <www.ba-dsg.com/html/frame_relay.htm>; <www.ba-dsg.com/html/atm.htm>.

9 <www.level3.com/Content/1,1233,us/services/3voice,00.html>; <www.level3.com/Content/1,1233,us/services/crossroads,00.html>; <www.level3.com/Content/1,1233,us/info/faqs,00.html>; <www.level3.com?content/1,1233,us/services/privateline,00.html>; <www.level3.com/content/1,1233,us/services/managedmodem,00.html>.

Notwithstanding SBC's attempts to muddle the issue, its historical snapshot of data transmission services and erroneous conclusions about the emerging carriers' capabilities cannot replace meaningful and credible evidence regarding the current demand and supply substitutability for these services. There is simply no basis for carving the larger business market into separate voice and data markets, or, as CWA argues, into even narrower voice, data, and "ATM and frame relay" product markets.